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4 January 1963

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting of the Special Group (CI), Thursday, January 3rd,  
Chaired by Alexis Johnson.

Present were: The Attorney General, Mr. Gilpatric, DCI,  
General Krulak, Mr. Murrow, Mr. Coffin

1. Secretary Ed Martin gave a comprehensive oral briefing on Latin America by country. Following are some points which he dealt with on each country and actions or questions which were raised by DCI to be considered by CIA.

2. No attempt was made to cover all points reported by Martin. In general, his attitude was that things in Latin America are better than they were a year ago, gross national product has increased by about five percent and further increases are expected this coming year. Political conditions, while troublesome, are better than they were in 1955 when ten military dictators were in control of ten of the Latin American countries. McCone questioned whether or not conditions were as good as they were in 1955, pointing out great distress in many of the Latin American countries due to depressed market prices on such commodities as coffee, cocoa, sugar (until recently) and other commodities which Latin American countries depend upon for foreign currencies.

3. Mexico has increasing tension as elections approach July 1964. Some disorders expected. However, it is unlikely that the disorders will get out of hand and the elections would be reasonably orderly.

4. Dominican Republic. Result of the election quite satisfactory and nothing serious arose although there is a possibility that internal disturbances may prevent the new President-elect from taking office. McCone raised question of the management of industries and lands owned by Trujillo and taken over by government, pointing out there was an absence of competent management in some <sup>5</sup> industries in the

Dominican Republic. Martin reported the International Business Council had been very helpful, this problem was being watched, however, it is DCI's opinion that proper organization and management of Dominican Republic industry and agriculture in the absence of competent managers is probably a central problem to be watched

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5. Haiti. Apparently Duvalier intends to stay in office as he has not taken necessary steps for an election. State distressed over conditions in Haiti. Martin referred to a late October meeting in the President's office attended by J.C. King and, ~~I believe, Cline~~ for CIA. No action was taken then because of the Cuban situation. However, time is now at hand for a plan of action designed to try and straighten Haitian situation.

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6. Jamaica-Trinidad. Nothing of concern in either of these countries, except for the problems of Williams of Trinidad. Apparently some arrangements have been made recently to try and satisfy Williams' claim for extensive aid in exchange for a Naval base in Trinidad, which incidentally, Gilpatric indicated was not important to our Navy. Williams now has made additional demands.

ACTION: I believe we might have a serious situation with Williams [redacted] In the past Williams principal complaint has been improper handling by State because of lack of confidence and seniority on the part of men assigned to his problem by State and AID. [redacted]

[redacted] I would like to be kept currently informed.

NOTE: Admiral Arleigh Burke is thoroughly familiar with this situation as he is the Director of the Texas Company which has very extensive petroleum-producing and refining interests in Trinidad.

[redacted]

7. Guatemala. Principal problem is the forthcoming election. There seems to be no danger of extreme Communist movement. However, the election of Arevalo would be detrimental and is feared by many important people in Guatemala.

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8. Honduras. No special problems, no insurgency threat. Country is considered more or less lawless and the political situation in Honduras is always a target of neighboring Central American political or military figures. However, there is no immediate problem.

9. El Salvador. Reasonably stable.

10. Nicaragua. Situation reasonably stable although there is danger of disorders with February elections at hand. Not considered that the situation will get out of hand. However, it should be watched.

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11. Costa Rica. No serious problem other than those recently reported having to do with Communist activity in certain agricultural areas and decision to develop some radio facilities in the area.

12. Panama. Martin reported that in his opinion Panama is one of the most serious and dangerous situations which we face and lacks any organized political party.

We have done no real political construction job, the ambassador, while personable, does not seem able to cope with the political situations. As a result, the country has drifted, the Panama Canal always represents a political whipping boy for an ambitious group, there is a disparity in living standards and wealth between those within the Zone who are working for the company, and those outside of the Zone depending on the resources of Panama. In general, Panamanian situation is considered very dangerous.

13. Colombia. Reported that Colombia is taking strong measures since the election. A new tax bill has been passed. The country has adopted an Internal Defense Plan, the police and military have improved their organizations and the outlook generally is better than expected. There remains insurgent groups in various locations and local conflict and murders continue as in the past. However, the number of incidents in 1962 have been less than previous years and we expect that there will be fewer incidents in 1963.

14. Brazil. There are some reasons for encouragement. Foreign Minister Santos advised Ambassador Compos that President Goulart will relate his new program of reforms to the requirements of the Alliance for Progress. I think that Goulart will support the Alliance. There are indications that new cabinet appointments will be satisfactory--most particularly, the appointment of Compos as Minister of Finance and also the retention of a satisfactory Minister of Interior. Governor Arias, recently elected at Pernambuco, married to a Catholic and it's a possibility (at least though by no means a certainty) that this will influence him away from some of his radical Communist ideas. Actually, it appeared to me that the report on Brazil was more optimistic ~~than~~ warranted in view of the reports from the Ambassador.

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15. Ecuador. Arosemena is holding on but probably will lose out during the year. Vice President is not at good shape to succeed Arosemena is the president is deposed on constitutional grounds because the Vice President has no political following and his involvement in military procurement has discredited him although he was finally vindicated. Therefore, if the President falls there will be a military takeover--military leadership are considered conservatives-but a situation would evolve much like Peru.

16. Peru. Communists in the labor movement are making progress. They were extremely active in the recent ~~Cerro de Pasco~~ strike. The military junta seems both unable and unwilling to handle the situation. The armed forces are reasonably well-equipped and trained. There is no information on the plans for the election in June. It is to be recalled that the military junta established June 63 as the date for an election and signed affidavits that they would not run for election themselves.

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17. Bolivia. Things look better

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18. Paraguay - Election in February. No serious problems / envisaged.

19. Uruguay. No serious problems, however, there is a mild / economic recession going on. The country is politically stable and friendly.

20. Argentina. There now exists a general optimism about the future. Chaos of the past several months seems to have passed. The President <sup>and</sup> of the Administration is in charge of the situation. A large number of new, able men have been brought into government and the attitude seems to be one of a "new frontier" approach. The political future of the country seems dependent upon splitting the Peronista party and steps are being undertaken to accomplish this. In general, the report on Argentina was unusually optimistic.

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21. Chile. Conditions are considered normal. The visit of President Alessandri to the United States was a great success. It removed certain illusions in his mind that had been planted by Europeans concerning U.S. attitudes. He was pleased with this country and its approach to Latin American problems and particularly those in connection with Chile. Inflation has been checked to a considerable extent and generally speaking the country will enjoy a forward movement.

22. The Committee reviewed and approved the internal defense program for Venezuela.

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[REDACTED]

23. Medical training in Thailand was discussed. Apparently this program, [REDACTED]

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[REDACTED] has been lost. It involved short-term first aid-type medical training for Laotian and Thailand police and others so that they can administer medical aid in villages throughout the country. Attorney General most critical that no action had been taken and no one at the meeting knew what had or could be done. Alexis Johnson felt that the program could be extended into the provincial police. It is now extensively implemented in the Border Police of Thailand, however it is a relatively small group.

24. Mr. Murrow raised the question of communist control of Laotian newspapers. He stated the communists were in control of the one principal newspaper and that they were now prepared to furnish a 50 kilowatt radio transmitter. Souvanna would have no control over this transmitter nor does he have any control over the newspaper. He does control one or more small transmitters which should be vastly overpowered by the Soviet equipment. Murrow raised the question as to what the United States was doing about it.

ACTION. I would like to have a report on this question. In my talk with Souvanna he indicated an intention to start a newspaper

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John A. McCone  
Director

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